

Maine Health Data Organization

Hospital Financial Information

Part I

2005 – 2006 Select Financial Information by Data Element/Ratio

Comprised of tables for select data elements and ratios containing all of Maine's 39 non-governmental hospitals arrayed by hospital peer groups as determined by the Maine Hospital Association (MHA). The peer groups are based upon bed size, revenue, critical access designation (CAH), and specialty. When data are available, the tables include a comparison of the Maine (ME), Northeast, and U.S. median as reported from the 2008 INGENIX, "Almanac of Hospital and Financial & Operating Indicators", publication. The Northeast comparison includes the states of Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

Note: In 2005, 5 hospitals moved from peer group D to peer group E. These include; Bridgton, Down East, Redington-Fairview, Sebasticook, and Waldo.

Profitability Ratios

Provides information on the ability of the organization to produce a profit. Few hospitals could remain financially viable without a profit (or excess of revenues over expenses), especially over a long period of time. Cash flow would not be sufficient to meet normal cash requirements such as debt principal and investment in fixed or current assets. Six measures of profitability are included:

- Operating Margin
- Non-operating Revenue Margin
- Total Margin
- Return on Equity
- Net Operating Income (Operating Surplus or Loss)
- Total Surplus/Deficit (Total Surplus or Loss)

Liquidity Ratios

Measures an organization's ability to meet short-term obligations, collect receivables, and maintain cash position. Most organizations that experience financial problems do so because of a liquidity crisis: they are unable to pay current obligations as they become due. Five measures of liquidity are included:

- Current Ratio (without Board Designated and Undesignated Investments)

Days in Accounts Receivable
Days Cash on Hand (Current)
Days Cash on Hand (Including Board Designated and Undesignated Investments)
Average Payment Period (Current Liabilities)

Capital Structure Ratios

Capital Structure Ratios - Measures how an organization's assets are financed, and its capacity to pay for new debt. Many longterm creditors and bond rating agencies carefully evaluate capital structure ratios to determine an entity's ability to increase its amount of debt financing. Four capital structure ratios are included:

Equity Financing
Debt Service Coverage Total
Cash Flow to Total Debt
Fixed Asset Financing

Asset Efficiency Ratios

Measures the relationship between revenue and assets. The numerator is always revenue that may be thought of as a surrogate measure for output. The denominator is investment in some category of assets that may be thought of as a measure of output. Two asset efficiency ratios are included:

Total Asset Turnover
Fixed Asset Turnover

Other

These are other select ratios/data elements of interest to financial data users. These ratios/data elements are included but cannot be classified into the other categories of financial ratios. One ratio and fourteen data elements from the financial data template are included:

Average Age of Plant (Depreciation Only)
Net Plant, Property, Equipment
Cash & Investments (Current Assets)
Current Assets Whose Use is Limited
Trustee-held Investments
Board-Designated & Undesignated Investments
Fund Balance-Unrestricted
Temporarily Restricted Net Assets
Permanently Restricted Net Assets
Total Gross Patient Service Revenue
Net Patient Service Revenue
Total Non-operating Revenues
Bad Debt (Provision for Bad Debt)
Free Care (Charity Care)
Total Operating Expenses